



**North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

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Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

Michael Moseley, Director

April 5, 2007

MEMORANDUM

TO: LME Directors

FROM: Mike Moseley 

SUBJECT: LME Cost Model, SFY 2008 and Beyond

As you are well aware, during this current fiscal year we were forced to realign approximately \$18 million in service dollars in order to fully fund the Local Management Entity (LME) cost model. We have worked with you during this year to redesign the cost model for the future years. Fully funding the redesigned cost model would require approximately \$19 million more in state funds than are currently identified for that purpose in the Division's budget.

The Governor's Recommended Operating Budget for SFYs 2007-2009 does not include that additional funding. Instead, it includes a provision which states "To maximize the use of community services, and to pursue a more efficient administration of community services envisioned in the system reform initiative, the Secretary, after consultation with the N. C. Council of Community Programs, shall develop a plan to meet the administrative needs of Local Management Entities (LME) within the existing resources of the LME administrative budget authorized by this act.."[Section 10.9]

We understand that the Joint Legislative Oversight Committee on MH/DD/SAS did include the additional funds as part of its recommendations to the 2007 General Assembly. However, at this point, we do not know whether or not the General Assembly will ultimately appropriate those funds. Given this uncertainty and in order to ensure that we have a fundable model in place by July 1, 2007, it seems prudent to begin the discussions required by the Governor's Budget. I have tasked Leza Wainwright to work with Yvonne Copeland of the N. C. Council to develop this plan. We will update you as that process proceeds.

cc: Secretary Carmen Hooker Odom	MH Commission Chair	Tara Larson
Dan Stewart	SCFAC Chair	Dick Oliver
Allen Dobson, M.D.	The Coalition Chair	Kaye Holder
DMH/DD/SAS Executive Leadership Team	State Facility Directors	
Yvonne Copeland	Kory Goldsmith	
Sharnese Ransome	Debbie Crane	
Patrice Roesler	Mark Benton	

